

Message Text

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ORIGIN COME-00

INFO OCT-01 ARA-10 ISO-00 EB-08 OMB-01 TRSE-00 AID-05
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P 050907Z AUG 77
FM SECSTATE WASHDC
TO AMEMBASSY BUENOS AIRES PRIORITY

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E.O. 11652: N/A

TAGS: BENC, AR

SUBJECT: MAJOR PROJECT: BAHIA BLANCA PETROCHEMICALS -
POLISUR LOW DENSITY POLYETHYLENE PLANT

REF: (A) BUENOS AIRES A-51; (B) BUENOS AIRES 3200

1. U.S. FIRM HAS CONTACTED COMMERCE/MEPD FOR INFORMATION
ON SUBJECT PROJECT. APPARENTLY PROJECT HAS REACHED BIDDING
STAGE. UNDERSTAND ARCO CHEMICAL (U.S.) HAS PRESENTED
PROPOSAL TO LICENSE KNOW-HOW AND PROVIDE ENGINEERING
SERVICES AND PROCUREMENT ASSISTANCE AGAINST FRENCH,
SWISS, ITALIAN COMPETITION. OTHER U.S. FIRMS INTERESTED IN
EQUIPMENT PACKAGES. WHILE PORTION OF PROJECT TO BE
FINANCED BY IDB PENDING LOAN APPROVAL, FRENCH COMPETITION,
TECHNIP/ATO, IS REPORTED TO BE SUPPORTING ITS BID WITH VERY
ATTRACTIVE EXPORT FINANCING PACKAGE TO COVER TOTAL FOREIGN
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EXCHANGE COST OF PROJECT.

2. WE UNDERSTAND THAT PROPOSED IDB LOAN FOR BAHIA BLANCA
FOR 83 MILLION DOLLARS WILL COVER PART OF ESTIMATED 105
MILLION DOLLAR FOREIGN EXCHANGE COSTS OF FOUR BAHIA BLANCA
PROJECTS: POLISUR - LDPE; PETROPOL - HDPE; MONOMEROS
VINILICOS - VCM; AND INDUCTOR - CHLOROALKALI. (TOTAL COSTS

OF THESE PROJECTS APPROXIMATELY 268.5 MILLION DOLLARS INCLUDING LOCAL CURRENCY FINANCING). PROJECT LOAN APPLICATION TO IDB IN COMMITTEE PENDING ARGENTINE GOVERNMENT APPROVAL OF PROJECTS.

3. WOULD APPRECIATE VERIFICATION OF ABOVE INFORMATION AND DETAILED REPORT ON POLISUR PROJECT. WISH TO KNOW EXACT STATUS OF BIDDING; SCOPE OF WORK AND EQUIPMENT COVERED BY INQUIRIES OR TENDERS; REQUIREMENTS FOR LOCAL CONTENT OR LOCAL JOINT VENTURE; U.S. AND FOREIGN COMPETITION ON TECHNOLOGY/ENGINEERING PHASE OF PROJECT AS WELL AS EQUIPMENT SUPPLY (IF TENDERS HAVE BEEN ISSUED ON EQUIPMENT). WOULD APPRECIATE IDENTIFICATION OF PHASES OF PROJECT THAT WILL BE COVERED BY IDB LOAN AND DELINEATION OF THOSE COMPONENTS FOR WHICH BIDDERS MUST PROVIDE SUPPLIER CREDITS IN BID PACKAGE. U.S. SUPPLIERS CONCERNED THAT IF PROPORTED FRENCH FINANCING OFFER REPORTED ABOVE IS ACCEPTED, POLISUR PROJECT COULD BE AWARDED ON TURNKEY BASIS TO FRENCH AND IDB FUNDS COULD BE APPLIED TO OTHER BAHIA BLANCA PROJECTS. ANY INFORMATION ON ACTIVITIES OF COMPETITORS ON THIS PROJECT WOULD BE WELCOME.

4. WOULD ALSO APPRECIATE COMPLETE DETAILS ON OTHER BAHIA BLANCA PROJECTS ALONG LINES OF QUESTIONS RAISED PARA LIMITED OFFICIAL USE

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THREE ABOVE. WE ARE PUZZLED BY REPORT REF B FROM EMBASSY OUTLINING EMBASSY'S ACTIVITIES RE BAHIA BLANCA, AS WE HAVE SEEN NO OTHER REPORTING ON DIRECT ASSISTANCE TO U.S. FIRMS, STATUS OF ETHYLENE PROJECT OR INFORMATION GLEANED FROM CONTACTS IN PETROCHEM SECTOR. WOULD APPRECIATE EMBASSY'S PROVIDING REFERENCES ON ANY PREVIOUS REPORTS WE MAY HAVE MISSED ON DISTRIBUTION.

5. WOULD ALSO APPRECIATE UPDATE ON STATUS OF NEW PETROCHEMICAL LAW. CHRISTOPHER

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